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## ANNUAL AUDITED REPORT

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## PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01-01-07 AND ENDING 12-31-07  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AxxessNet, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

One Cranberry Hill, Ste 6

(No. and Street)

Lexington

MA

02421

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Eyal Shavit

(781) 674-1010

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Greenberg, Rosenblatt, Kull &amp; Bitsoli, P.C.

(Name - if individual, state last, first, middle name)

306 Main Street, Suite 400

Worcester,

MA

01608

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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FINANCIAL

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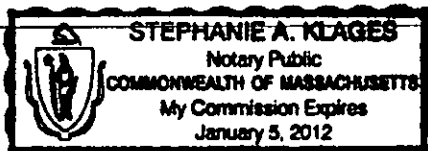
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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information contained in this form are not required to respond  
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## OATH OR AFFIRMATION

I, Eyal Shavit, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AxcessNet, LLC, as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Signature]  
Signature

Manager  
Title

[Signature]  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

AXCESSNET, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

AXCESSNET, LLC  
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Greenberg, Rosenblatt, Kull & Bitsoli, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Members  
AxxessNet, LLC  
Lexington, Massachusetts

We have audited the accompanying statements of financial condition of AxxessNet, LLC (a limited liability company) as of December 31, 2007 and 2006, and the related statements of operations and changes in members' equity and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AxxessNet, LLC at December 31, 2007 and 2006, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental schedule on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Greenberg, Rosenblatt, Kull & Bitsoli, P.C.*  
GREENBERG, ROSENBLATT, KULL & BITSOLI, P.C.

Worcester, Massachusetts  
February 26, 2008

AXCESSNET, LLC  
STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31,

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash	\$ 35,064	\$ 43,211
Accounts receivable	250,000	-
Due from related party	-	75,000
Note receivable	<u>28,167</u>	<u>26,167</u>
 Total assets	 <u>\$ 313,231</u>	 <u>\$ 144,378</u>
 <u>LIABILITIES AND MEMBERS' EQUITY</u>		
Accounts payable and accrued liabilities	\$ 56,868	\$ 23,000
Due to related party	<u>50,659</u>	<u>-</u>
Total liabilities	107,527	23,000
 Members' equity	 <u>205,704</u>	 <u>121,378</u>
 Total liabilities and members' equity	 <u>\$ 313,231</u>	 <u>\$ 144,378</u>

The accompanying notes are an integral part of the financial statements

AXCESSNET, LLC  
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY  
YEARS ENDED DECEMBER 31,

	<u>2007</u>	<u>2006</u>
Revenues:		
Success fees	\$ 772,250	\$ 258,516
Management fees	-	75,000
Investment advisory fees	90,000	65,000
Other income	35,000	-
Interest income	<u>2,000</u>	<u>1,666</u>
Total revenues	<u>899,250</u>	<u>400,182</u>
Expenses:		
Administrative fees	534,000	220,000
Guaranteed payment to member	-	15,000
Payroll	163,688	144,000
Payroll taxes	10,275	8,367
Employee benefits	21,933	11,945
Professional fees	24,369	18,279
Consulting fees	55,000	12,000
Regulatory fees	1,595	1,600
Travel and selling	6,674	3,071
Office expenses	2,890	799
Miscellaneous	<u>500</u>	<u>600</u>
Total expenses	<u>820,924</u>	<u>435,661</u>
Net income (loss)	78,326	(35,479)
Members' equity - beginning	121,378	29,457
Members' contributions	226,000	285,400
Members' distributions	<u>(220,000)</u>	<u>(158,000)</u>
Members' equity - ending	<u>\$ 205,704</u>	<u>\$ 121,378</u>

The accompanying notes are an integral part of the financial statements

AXCESSNET, LLC  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31,

	<u>2007</u>	<u>2006</u>
Operating activities:		
Net income (loss)	\$ 78,326	\$ (35,479)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Note receivable for services rendered	-	(25,000)
Interest income accrued on note receivable	(2,000)	(1,167)
Stock received for services rendered	(40,000)	(8,000)
Changes in assets and liabilities:		
Accounts receivable	(250,000)	-
Due from related party	75,000	(75,000)
Due to related party	50,659	-
Accounts payable and accrued liabilities	<u>33,868</u>	<u>15,113</u>
Net cash used in operating activities	<u>(54,147)</u>	<u>(129,533)</u>
Financing activities:		
Members' contributions	226,000	285,400
Members' distributions	<u>(180,000)</u>	<u>(150,000)</u>
Net cash provided by financing activities	<u>46,000</u>	<u>135,400</u>
Net increase (decrease) in cash	(8,147)	5,867
Cash - beginning	<u>43,211</u>	<u>37,344</u>
Cash - ending	<u>\$ 35,064</u>	<u>\$ 43,211</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Noncash operating and financing activities:

Client's stock received for services rendered	<u>\$ 40,000</u>	<u>\$ 10,000</u>
Client's stock assigned to consultant for services rendered	<u>\$ -</u>	<u>\$ (2,000)</u>
Client's stock distributed to member	<u>\$ (40,000)</u>	<u>\$ (8,000)</u>

The accompanying notes are an integral part of the financial statements



AXCESSNET, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

(1) ORGANIZATION AND NATURE OF BUSINESS

Nature of Business:

AxcessNet, LLC (the Company) is registered as a broker-dealer with the Securities and Exchange Commission (SEC), is a member of the Financial Industry Regulatory Authority (FINRA), and was formerly a member of the National Association of Securities Dealers (NASD) prior to its consolidation into FINRA.

The Company provides advisory services in connection with financial transactions to domestic and foreign companies, primarily Israeli companies in the information technology industry. The Company's services include private placements of securities, advisory services regarding mergers and acquisitions, and introductions to investment banks and other brokers and dealers to facilitate financing transactions.

Organization:

The Company is organized as a limited liability company (LLC). The terms of the LLC's operating agreement limit the members' liability for losses, debts and obligations to their equity contributions. The members may, under certain circumstances, be liable to the LLC to the extent of previous distributions made to them in the event that the LLC does not have sufficient assets to discharge its liabilities. The Company does not have a formal termination date, although there are events described in the operating agreement that would cause immediate dissolution.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash:

At times, cash on deposit with financial institutions is in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Accounts Receivable and Revenue Recognition:

Success fees are recognized upon the successful completion of private placements of securities or other financing transactions. Investment advisory, management fee and interest income are recognized when earned.

Accounts receivable are recorded at cost less an allowance for doubtful accounts, if necessary. Management evaluates the collectibility of accounts receivable based on current credit conditions of its clients. There was no allowance for doubtful accounts necessary as of December 31, 2007.

Guaranteed Payments to Member(s):

Guaranteed payments to member(s) are designed to represent reasonable compensation for services rendered and are accounted for as an expense rather than a distribution from members' equity.

AXCESSNET, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Federal and State Income Taxes:**

The Company, as an LLC, is taxed as a partnership. The members are responsible for reporting their share of the Company's net earnings (losses) on their individual income tax returns. Therefore, no provision for income taxes is reflected in these statements.

**Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Reclassifications:**

Certain amounts in the 2006 financial statements have been reclassified to conform to the 2007 presentation with no effect on previously reported net loss or members' equity.

(3) BUSINESS RELATIONSHIPS AND REVENUES

In general, the Company provides consulting and facilitation services to assist its clients in procuring relationships for business combinations/mergers and financing activities. The Company receives advisory fees for these services and success fees in the event a related business combination/merger or financing occurs. Business development and strategic consulting agreements define the terms under which these advisory and success fees may be earned.

In 2007, approximately 92% of revenues were earned under the terms of three of these agreements and, at December 31, 2007, the balance in accounts receivable was related to the earnings under one of the contracts. In 2006, approximately 78% of revenues were earned under two business development and strategic consulting agreements.

In 2006, the Company received a convertible note in the amount of \$25,000 for advisory fees earned during the year. The note accrues interest at 8%, compounded annually, which is being added to the balance of the note. The balance of the note plus accrued interest may be converted into preferred stock of the client any time prior to the earlier of the maturity date of the note in February 2009 or a business combination. Interest income earned on the note was \$2,000 in 2007 and \$1,167 in 2006.

In 2007 and 2006, the Company received shares of a client's preferred stock at its fair value of \$40,000 and \$10,000, respectively, for services rendered. The stock received in 2007 was distributed to a member in lieu of cash distributions. In 2006, the Company assigned 80% of this stock to a member as a distribution and 20% to a consultant in payment of consulting fees.

AXCESSNET, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

(4) RELATED PARTY TRANSACTIONS

The related party is a corporation with common ownership and whose operations are similar to those of the Company. The Company has an administrative services agreement with the related party that provides the Company with office space, telecommunications, information technology, executive and other administrative services for fees of \$40,000 per month beginning in July 2007 (previously \$30,000 per month), adjusted for additional services and expenses. Administrative fees charged to expense in 2007 and 2006 totaled \$534,000 and \$220,000, respectively. Due to related party represents administrative fees payable as of December 31, 2007.

In 2006, revenues included \$75,000 of management fees for services provided to this related party by the Company's key employee. At December 31, 2006, the balance in due from related party represents management fees receivable from this related entity.

(5) SECURITIES AND EXCHANGE COMMISSION REQUIREMENTS

As a registered broker-dealer, the Company is subject to the "Uniform Net Capital Rule", rule 15c3-1 of the Securities and Exchange Commission (SEC). The rule requires the Company to maintain "net capital" of at least \$5,000 and a ratio of "aggregate indebtedness" to "net capital" not to exceed 15 to 1.

At December 31, the Company's aggregate indebtedness, net capital and the related ratio, as defined by the SEC, are as follows:

	<u>2007</u>	<u>2006</u>
Aggregate indebtedness	\$ 107,527	\$ 23,000
Net capital	\$ 177,537	\$ 20,211
Ratio of aggregate indebtedness to net capital	0.61 to 1	1.14 to 1

AXCESSNET, LLC  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2007

Net capital:	
Total members' equity	\$ 205,704
Less - nonallowable assets:	
Note receivable	<u>28,167</u>
Net capital	<u>\$ 177,537</u>
Aggregate indebtedness:	
Accounts payable, accrued liabilities and other	<u>\$ 107,527</u>
Computation of basic net capital requirement:	
Minimum net capital required	<u>\$ 5,000</u>
Excess net capital at 1,000 percent	<u>\$ 166,784</u>
Ratio: Aggregate indebtedness to net capital	<u>0.61 to 1</u>

See independent auditors' report

END